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SUBJECT: CHAVEZ USHERS IN NEW WAVE OF LAND EXPROPRIATIONS

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1B. 06 CARACAS 1397

Classified By: Economic Counselor Andrew Bowen, 1.4/D

11. (U) Summary: During his weekly television program "Alo Presidente" on March 25, Chavez announced the expropriation of 16 estates totaling 330,796 hectares (800,000 acres) of "idle land" in seven Venezuelan states. He added that the armed forces would confiscate and help run an additional 13 estates, 265,000 total hectares, in the coming weeks. Chavez proclaimed the land to be "socialist property," adding it will be turned over to agricultural cooperatives to raise cattle and water buffalo under the supervision of community councils. Reaction from landowners to the expropriations has been mixed; one rancher said that the government previously struck a deal to purchase his farm and packaged the taking as an expropriation for public consumption. Another owner of two expropriated estates has announced legal action. This reflects Chavez' vision of a rural socialist utopia blending themes of food sovereignty, community council leadership, and enlightened military oversight. How much of this actually comes to pass is hard to predict. Chavez often makes such high-profile announcements with minimal follow-up. End Summary.

16 "Latifundios" Expropriated

12. (U) Chavez kicked off the March 25 edition of "Alo Presidente" by announcing the simultaneous intervention by the National Land Institute (INTI) and the military in 330,776 hectares (800,000 acres) of "idle land" in seven different states. The television program was broadcast from the newly taken 24,800 hectare Hato Callejas estate in Barinas. According to Chavez, "This is a combat. The combat against the latifundios (literally translated, landed estates, but defined under Venezuelan law as idle land)." Chavez added that these were "infertile, unproductive lands that violated the Constitution, laws and all the principles of justice, rights, security and national sovereignty."

13. (U) Chavez defended the takings by alleging that "idle" land had become a breeding ground for narcotraffickers and other illicit criminal activity. A local military commander, General Wilfredo Silva, told Chavez during the program that gunfire allegedly broke out at one of the estates and they discovered a hidden airplane, presumably used by drug traffickers, according to Silva. Chavez has used drug trafficking and criminal activity as a pretext to confiscate

land in the past. He proclaimed in defense of Venezuela, and presumably his own personal safety, "We send the army because we know that many times at these sites, as they are very big and empty, they hide crime: drug trafficking, contraband, subversion, is being prepared, it's not really idle land, but it's an illicit property, that's where the paramilitaries are who want to kill the President!"

Building Rural Socialism

¶14. (U) Chavez announced that the expropriated lands would be used to construct socialism. Chavez outlined how the takings fit into his three-prong strategy for socialism: social property, social production, and "satisfying necessities." On the first point, Chavez said "all of Hato Callejas is now going to be social property. It means that it's no one person's property, it's collective property, of the people, through the state, through the workers, it's the property of everyone and it is going to benefit everyone."

¶15. (C) According to a USDAO Caracas source, the government will assign a 19 person military team to manage each of the seized estates. Each team will consist of 19 personnel: an active duty officer, four soldiers, ten reservists, and four officials from INTI. The team members will come from the regions where the farms are located. This source indicated that the farms will raise cattle imported from Argentina, Paraguay, Brazil, and Colombia. The farms that have been expropriated have an average of ten hectares/animal which the government deems unproductive and will maintain ratios of one animal/hectare on the better land and 4 animals/hectare on lower quality land. Chavez said during "Alo Presidente" that at least some of the land would be used for raising buffalo, which are used primarily as work animals.

¶16. (U) Chavez called on the "consejos comunales" (community councils) to play a key role in supervision of the communal farms and construction of socialism. "The community councils of the nearby areas of Hato Callejas need to come here to have working meetings. With the public servants here, the volunteers, civil and military officials, they need to participate in the study of the region, the elaboration of the project, when the time comes to account for the production, they need to have participated in the community."

Chavez added that the community supervision and working of the idle lands would combat what he referred to as "one of the most terrible phenomena of capitalism, hoarding and speculation." He concluded his program exhorting ministers, mayors, governors and community leaders to promote socialism in the countryside and "produce results."

Over 1.9 million Hectares Reclaimed

¶17. (U) Chavez proudly announced that he has now "recovered" a total of 1.9 million hectares of "idle" land (approximately 4.7 million acres), 49 percent of which has been redistributed to farmers, 30 percent devoted to state projects, and 11 percent set aside for "fundos zamoranos," the term given to cooperatives on recovered land (ref A). Chavez calculated that he has recovered 28.7 percent of the 6.63 million hectares of idle land in Venezuela. He added that in the coming weeks the BRV would seize an additional 13 farms totaling approximately 265,000 hectares.

Chavez Launches Warning against Landowners

¶18. (U) Chavez pointed to the seizures as a warning to landowners not to expect easy negotiations with the BRV. He said that in the past, landowners relied on the "Cha-Az" method to negotiate an amicable settlement with the government (ref A). Chavez used an example of a 30,000 hectare estate. According to Chavez, in the past,

landholders would sell the government 2,000 hectares of the estate's worst land. Often the land sold would be prone to flooding and located farthest from the roads, according to Chavez.

Landowner Reaction

¶ 9. (U) The Nunez family owns two of the "reclaimed" estates in Anzoategui state -- Buena Vista (21,000 hectares) and La Atascosa (26,700 hectares). The family has announced that it will legally contest the expropriations. Their legal advisor, Gustavo Perdomo Arzola, said that Chavez' March 25 announcement was arbitrary because the land was productive. Furthermore, the family alleged it met with representatives from INTI in 2006, who recognized that legal title was in order, adding that if the government were to expropriate the land, it would use the "Cha-Az" method to negotiate a fair price. Perdomo has petitioned the Supreme Agrarian Court in Monagas to nullify the expropriation, noted that the Land Law required the government to negotiate fairly with the landowners and indemnify them. The president of the Cattle Ranchers Association of Anzoategui also criticized Chavez' announcement.

¶ 10. (SBU) FAS Specialist spoke with the owner of Hato Callejas, the 24,883 hectare farm from which Chavez broadcast "Alo Presidente." He said that the government had previously struck a deal to purchase his farm, but packaged it as a military seizure for public consumption so Chavez could appear as being tough with landowners. He said that he was delighted to sell the land because it was marshy and only suitable for raising water buffalo. He indicated that other landowners lucked into the same situation as he, but surmised that perhaps some landowners would not want to sell.

Comment

¶ 11. (C) While seizing "latifundios" is nothing new in Chavez' politics, his vision for using the recently-seized land is more infused with socialist architecture than it has been in the past. Chavez is clearly disappointed with the impact of land reform to date. We have heard reports that people who received the land often quickly sold it and moved back to the cities, thereby turning a zero-risk profit.
(Note: Venezuela does not have the history of a campesino movement and 90 percent of Venezuela's population is concentrated in urban areas. End Note.) Chavez' recent announcement reflects his vision of a rural socialist utopia blending themes such as food sovereignty, community council leadership of collective workers, and enlightened military oversight. Carrying out Chavez' grandiose plans on land that is only fit for raising water buffalo will be quite a challenge. At this point, it is unclear as to how many ranchers sold to the government beforehand in negotiated deals, and how many properties were actually taken through seizure.

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